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1 Apr 77	12 Apr 77				
TO DCI				ROUTING	
FROM Richard Lehman				S D/NI	
SUBJ. Background Information for the DCI				NIO/SP	
Meeting with Mr. Robert W. Galvin and				NIC Reg	
Dr. John S. Foster, Jr.					
ER 77-3977					
Noted and retd by DCI					
<i>Competitive Analysis File</i> <i>Retired</i>					
COURIER NO.	ANSWERED	NO REPLY			
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Executive Registry

77-3977

## THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

SP - 85/77  
1 April 1977*Noted by DCT  
5 April 1977*

MEMORANDUM FOR: Director of Central Intelligence

FROM: Richard Lehman  
Acting Deputy to the DCI for National IntelligenceSUBJECT: Background Information for the DCI's Meeting with  
Mr. Robert W. Galvin and Dr. John S. Foster, Jr.

1. Action Requested: None. For background information on the experiment in competitive analysis conducted in conjunction with NIE 11-3/8-76, "Soviet Forces for Intercontinental Conflict Through the Mid-1980s." As members of the President's Foreign Intelligence Advisory Board, both Mr. Galvin and Dr. Foster were strongly in favor of including competitive analyses in the NIE preparation process.

2. Background:

a. Mr. Galvin and Dr. Foster, along with Dr. Edward Teller were members of an NIE Evaluation Committee of the President's Foreign Intelligence Advisory Board. This committee's recommendations for the experiment were adopted by the PFIAB, and the D/DCI/NI worked closely with Mr. Galvin and Dr. Foster in developing procedures for conducting the experiment and in selecting members of the B Teams.

b. Attachment 1 is a brief chronology of the experiment from its inception through completion of the B Team reports in mid-December 1976. Attachment 2 contains biographic information on Mr. Galvin and Dr. Foster.

c. Subsequent to completion of Attachment 1 a story in the New York Times by David Binder (Attachment 3) generated the public controversy over this matter that still continues. As noted, Mr. Bush talked to Binder on the record and I, with Mr. Bush's authorization, talked to him on background.

d. A book of references is also provided in the event you wish to review some of the more important correspondence referred to in the chronology. Included are copies of the three B Team reports. The material in the book is preceded by a brief summary of the contents. (NOTE NEXT PAGE)

Attachments

*held by*

Richard Lehman

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SP - 85/77

SUBJECT: Background Information for the DCI's Meeting with Mr. Robert W. Galvin and Dr. John S. Foster, Jr.

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13 December 1976

## MEMORANDUM

SUBJECT: Report on the Origin, Procedures, and Status of the Experiment in Competitive Analysis on National Intelligence Issues

1. This memorandum reports on the experiment in competitive analysis undertaken in parallel with the preparation of the 1976 National Intelligence Estimate on Soviet Forces for Intercontinental Conflict (NIE 11-3/8-76). In this report I will cover points on the origin of the experiment; its purposes and objectives; the institutional framework within which the agreement to conduct the study was reached; procedures for implementing it; progress to date; and a tentative and preliminary evaluation of the steps so far completed. Documentary attachments are provided as appropriate.

2. The request to conduct an exercise in competitive analysis was initially raised by the President's Foreign Intelligence Advisory Board (PFIAB) with the President in August 1975. The Board felt that the 1974 NIE on Soviet Forces for Intercontinental Conflict was seriously misleading in the presentation of a number of key judgments and that it projected a sense of complacency in regard to the Soviet threat unsupported by the facts. Subsequently Dr. Kissinger asked the DCI -- Mr. Colby -- to provide the President with comments on the experiment proposed by the PFIAB. In his reply, Mr. Colby suggested that the forthcoming NIE on Soviet strategic forces be reviewed by the Advisory Board to determine the extent to which the new estimate overcame deficiencies perceived in the 1974 estimate. This, in Mr. Colby's view, would provide a better basis for determining if the experiment should be purused. Mr. Colby's suggestion was adopted and an Estimates

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Evaluation Committee to conduct the review was established within the PFIAB. The Committee consisted of Mr. Robert Galvin as Chairman, with Dr. John S. Foster and Dr. Edward Teller as members.

3. In April 1976, the Evaluation Committee reported to the Board on their review of the 1975 Estimate. They concluded that while some improvements had been noted it was still, in their view, worthwhile to pursue the original proposal to establish an experimental competitive analysis group. The Committee reached its conclusions after (a) comparing the 1974 and 1975 estimates; (b) reviewing a ten-year "track record" of NIE judgments about Soviet strategic programs; and (c) conducting a survey of some 40 "authorities" in and outside of government. The Board supported the Committee recommendation. Subsequently the DCI met with PFIAB to discuss the findings of the Estimates Evaluation Committee. (Attachment A)

4. In early May of 1976 the Deputy to the DCI for National Intelligence, at that time Mr. George Carver, met with Mr. Robert Galvin to discuss in greater detail the methods, procedures, and objectives for conducting the experiment. The agreement finally worked out and coordinated with General Scowcroft -- the Assistant to the President for National Security Affairs -- is provided in a letter from the Chairman of PFIAB to Mr. Colby's successor, Mr. George Bush, dated 8 June 1976 (Attachment B). The principal provisions were as follows:

The 1976 estimate of Soviet forces for intercontinental attack would be prepared in accordance with established Community practices. Those working on the estimate would be referred to as the "A" team.

In addition, with respect to three key issues selected by the DCI in consultation with General Scowcroft, "B" teams would be formed of experts inside or outside of government. These persons should have expert knowledge in the appropriate fields, who have or can be granted the necessary security clearances, but who are not themselves engaged in the production of the basic Community estimate.

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The "A" and "B" teams are to have the same body of information available to them and will adhere to the same production schedule. When the studies are completed the teams will have an opportunity to interact on their findings -- not to strike compromises or reach consensus judgments but to explain and defend their findings before their peers.

Final "A" and "B" drafts will then be produced, and each team will be able to prepare written comments on the other's findings. The entire package will be considered by the NFIB. The Intelligence Community estimate will be handled in standard ways. The "B" team studies and the "A" and "B" team comments on each other's work will be packaged separately and forwarded only to selected recipients -- among whom will be the PFIAB and the Special Assistant to the President for National Security Affairs.

Later, the Assistant to the President for National Security Affairs, in consultation with the DCI and PFIAB, will review the experiment and critique its results.

5. Mr. Bush designated [REDACTED] -- formerly Deputy Director of CIA's Office of Strategic Research -- as the Intelligence Community coordinator and manager for this experiment. [REDACTED] role was to provide a central focus and support for the "B" teams -- with a responsibility to follow substantive progress but not to intervene in the analysis of the competitive teams. The three topics for study were selected in consultation with the NSC Staff and the Estimates Evaluation Committee of PFIAB. These were Soviet ICBM accuracy, Soviet low altitude air defense capability, and Soviet strategic policy and objectives (Attachment C). Guidance on the composition of the "B" teams was received from the PFIAB and the teams were structured to conform reasonably closely to those guidelines. In view of the short notice, many of the persons approached to work on the experiment could not do so. However, PFIAB was notified of the final composition of each team and Mr. Galvin expressed general satisfaction with the progress being made. (Attachment D)

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6. From the outset the experiment was designed to test the hypothesis -- using the same evidence as that available to the Intelligence Community -- that either the range of uncertainty around selected Soviet threat parameters (ICBM accuracy, low altitude air defense capabilities) was such that the threat could be greater than that reflected in the National Estimates or -- in the case of the estimate of Soviet strategic objectives -- that the Soviets were pursuing a more comprehensive and systematic program for a dominant military capability than they were being credited with in the NIEs. The teams were advised by the Chairman of the Estimates Evaluation Committee of PFIAB, Mr. Galvin, that they were not to feel obliged to fit the evidence to a pre-determined conclusion if, in fact, their analyses indicated otherwise. The teams were -- nonetheless -- made up of experienced analysts of Soviet military matters whose views in the past have coincided with the hypothesis being examined. The experiment consequently was not really balanced, in that it did not seek out "C" teams who would sympathetically examine alternative interpretations of the evidence that might lead to more benign evaluations of Soviet military strength and purposes than either the Community or the "B" team studies.

7. The work of the "B" teams was pursued throughout the summer and early fall on essentially the schedule established in June. The "A" and "B" team drafts were completed and exchanged in October and the three sets of teams met on November 3rd through the 5th to discuss and defend their positions. Following those meetings the "B" teams prepared their final studies. These studies are now in process of being prepared for printing.

8. The existence and nature of the competitive analysis experiment were relatively widely known in Washington by mid-summer -- but in a classified context -- and all the participants had been cautioned about the damage that could be done by unauthorized press leaks. As you know, however, the Boston Globe and the Washington Star on October 20 published identical articles which provided the outline and some of the essential detail of the exercise (Attachment E). We have been unable to discover the source of this story. Strong representations were made by Mr. Bush to all the "A" and "B" team participants concerning the negative effect such publicity could have on the utility of the experiment. Mr. Bush also conferred with Dr. Cherne, Chairman

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of PFIAB, and asked that the Board members also be advised of his views concerning the disutility of further exposure of the experiment in the public domain. The individual Board members were requested to use any influence they might have with the participants in the exercise to prevent further leaks to the press. Subsequently there have been no further leaks, although there have been a few brief notes in various parts of the press that appear to be based only on the original Beecher article.

9. It was originally anticipated that the basic NIE and the "B" team studies would be considered by the NFIB in November and the results briefed to the PFIAB at their December meeting -- the last scheduled before the inauguration. Although the NFIB schedule for NIE 11-3/8-76 slipped into December, the PFIAB still wanted to hear from both the Community teams and the "B" teams on the results of the experiment completed so far. The PFIAB felt that the exercise was close enough to being completed that they should report on it to the President at their last meeting with him.

10. The briefing of PFIAB took place on 2 December. The intent was not to present final views because the PFIAB Chairman, Dr. Cherne, did not wish to have the Board sit in judgment on the experiment until all stages had been completed. I think it fair to say, however, that the Board was pleased with the results on both substantive grounds and for what it represented in the way of handling dissent in the analytical process. My own view is somewhat mixed. We will prepare a thorough evaluation of the experiment when it is finally over and I will provide you with a copy as soon as possible, but I can give you a capsule version of how I come down at this time.

11. In brief, while there were some positive aspects to the experiment I now conclude that they are at least balanced by the costs and problems associated with it. On the positive side:

- In the broadest sense, the experiment has been supplemental to other factors, such as new evidence, in influencing the estimate, but except for two specifics was not the sole or primary factor.

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- The interaction on the issue of Soviet strategic policies and objectives resulted in some positive presentational adjustments to this year's NIE.
- Specifically the "A" and "B" team interaction on Soviet low altitude air defense capabilities did have a perceptible influence on a significant judgment in the estimate concerning uncertainty about future Soviet capabilities to limit damage to the USSR.

*the only influence for change which had an effect.*

12. The costs and problems associated with this experiment have not been fully assessed as yet, but they will fall into the following three broad categories:

- Financial costs, which in direct accounting will be of the order of \$500,000. There are additional housekeeping functions that have not been directly attributed to this experiment.
- The costs in terms of time spent by the Community in the care and feeding of the "B" team, and the effect this has had on the bulk of the estimate and its schedule.
- The future impact likely to be felt from the probably inevitable publicity (unauthorized) the experiment will receive. There are already

*on the whole, good for ANALYSTS TIME AND NERVE*

December 1976

*BELOW UPDATES STATUS COMPETITIVE ANALYSIS EXPERIMENT SINCE ABOVE MEMO WRITTEN.*

The three B Team reports were published. Distribution was limited to NFIB principals and the NSC Staff. (Tab I)

The PFIAB forwarded to the President a report entitled "Intelligence for the Future" which repeated the Board's suggestion that "competitive analysis" be included in the NIE preparation process. (Tab J)

*ACTUALLY NOT A BAD REPORT*

January-February 1977

The Chairman of the B Team on Soviet strategic objectives, Professor Richard Pipes, forwarded recommendations to the Chairman of the PFIAB for overcoming shortcomings in NIEs as noted by the B Team. The memorandum from the Chairman of the B Team was transmitted to the PFIAB along with DCI comments on the B Team recommendations. (Tab K)

The Acting DCI, forwarded comments on the three B Team reports to the Assistant to the President for National Security Affairs and to the Chairman of the PFIAB, which completed the experiment in competitive analysis. (Tab L)

BIOGRAPHIC INFORMATION

FOSTER, JOHN S., JR. - Physicist; presently Vice President for Energy Research and Development, TRW, Incorporated; former Director of Defense Research and Engineering, Department of Defense; and former Director of Lawrence Livermore Laboratory and Associate Director of Berkeley Laboratory.

GALVIN, ROBERT W. - Chairman and Chief Executive Officer of Motorola, Incorporated; Director of Harris Trust and Savings Bank; Director and past President of the Electronic Industries Association; and former member of the President's Commission on International Trade and Investment.

NEW YORK TIMES  
26 DECEMBER 1976ARTICLE APPEARED  
ON PAGE 1

# NEW C.I.A. ESTIMATE FINDS SOVIET SEEKS SUPERIORITY IN ARMS

## INTELLIGENCE EVALUATION 'GRIM'

### Somber Assessment Is Attributed To Outside Advisers Brought Into Study For First Time

By DAVID BINDER

Special to The New York Times

WASHINGTON, Dec. 25—President-elect Carter will receive an intelligence estimate of long-range Soviet strategic intentions next month that raises the question whether the Russians are shifting their objectives from rough parity with United States military forces to superiority.

In reporting this, high-ranking officials of the Central Intelligence Agency said their annual so-called national estimate of Soviet strategic objectives over the next 10 years, just completed, was more somber than any in more than a decade. A top-level military intelligence officer who has seen the estimate commented: "It was more than somber—it was very grim. It flatly states the judgment that the Soviet Union is seeking superiority over United States forces. The flat judgment that that is the aim of the Soviet Union is a majority view in the estimate. The questions begin on when they will achieve it."

Previous national estimates of Soviet aims—the supreme products of the intelligence community since 1950—had concluded that the objective was rough parity with United States strategic capabilities.

#### Bush: 'Worrisome Signs'

"There are some worrisome signs," George Bush, Director of Central Intelligence, said in an interview in characterizing the latest estimate, "and the viewpoints, interpretations and comments on these will be adequately reflected in the estimate."

He said the shift in assessment developed from evidence gathered in the past year and from new interpretations of older evidence that had resulted from "a competitive analysis" in which, for the first time, a team of outsiders analyzed and challenged estimates prepared by the regular intelligence community.

As a result some of the governmental analysts changed their assessments.

While Mr. Bush declined to discuss the substance of the estimate, it can be authoritatively reported that the worrisome signs included newly developed guided missiles, a vast program of underground shelters and a continuing buildup of air defenses.

He acknowledged that the 1976 estimate had been prepared amid controversy in the intelligence community, partly induced by the deliberate introduction of the team of outsiders, who were supplied with the same raw material as the estimate team headed by Howard Stoertz, the Central Intelligence Agency's national intelligence officer on the Soviet Union.

#### Upholding Right of Dissent

Mr. Bush, who said the final estimate contained "a full expostulation of the views of the principals," asserted that he had promised to uphold the right of dissent at the outset of his tenure 11 months ago. "I feel I have made good on that," he added.

There have always been officials in the intelligence community who took a grim view of Soviet strategic objectives, but until this year, according to insiders, they constituted a small minority. In the interview Mr. Bush spoke of changed perceptions. Another high-ranking C.I.A. official who participated in the latest estimate asserted that pessimistic assessments were being heard even from analysts who have taken a rosier attitude toward Soviet goals.

"The consensus is breaking up," the source continued. "Maybe it will be a different consensus next year. A great many analysts are disturbed increasingly by what they see on the Soviet side—more and more Soviet weapons programs. The Soviets are developing across the board. That is bothering people. ICBM's everywhere you look, a continual steady program."

#### Guidance for American Policy

The long-range estimate provides guidance for the size and shape of the United States defense budget, the Government's policy approach to East-West relations, including strategic arms negotiations, civil-defense planning and, ultimately, the entire concept of strategic deterrence, based for two decades on nuclear-tipped intercontinental missiles and antimissile defenses. The estimate also influences the annual "secret posture statement" sent to Congress by the Secretary of Defense as guidance for the protection of the United States.

Months of research, collation of photoreconnaissance, monitoring of signals, clandestine agents' reports and studies of Soviet documents underlie the estimate. It is summarized, dissented against and reviewed at ever-higher levels and is finally argued out before the President's Foreign Intelligence Advisory Board, comprising the heads of the intelligence agencies and intelligence-oriented departments.

The more somber view represented—"more somber" being the phraseology of the C.I.A.—developed in an unusual fashion, according to a number of participants. They said it came about primarily through continuing dissents by a long-term maverick in the intelligence community, Maj. Gen. George J. Keegan Jr., whose voice was strengthened this year by like-minded outsiders. General Keegan, who is retiring Jan. 1 as Air Force chief of intelligence, describes himself as "the eye of controversy" in the intelligence community and has been contesting the estimates of Soviet intentions for 22 years.

#### Offensive Warfare Expected

On the basis of photoreconnaissance of construction of underground shelters for protection against nuclear attack and of naval construction and of evidence of new missile systems, General Keegan became convinced that the Soviet Union was preparing for offensive war against the United States. This prompted him to oppose a 1972 treaty with the Russians restricting antiballistic-missile programs and another 1972 treaty curbing offensive nuclear weapons.

In 1974 his dissents to the national estimate relating to the significance of the Soviet civil-defense program and new guided missiles provoked such a storm that he was called to the White House to make his case before the advisory board. Out of those dissents and others a belief grew among members of the board that the annual estimates of Soviet capabilities and aims might be too soft.

Normally the President is screened from debates on intelligence estimates, which often develop into impassioned and even furious exchanges. The dissents of General Keegan and like-minded officials raised doubts about such critical questions as the level of Soviet defense spending, so that the 16-member Presidential board began suggesting several years ago that the estimate of Soviet intentions include the views of outsiders. This year President Ford accepted the proposal by the board, which is empowered to review and evaluate foreign intelligence.

Last June Mr. Bush and William G. Hyland, Mr. Ford's deputy assistant for national security, selected a panel of seven outsiders to join, experimentally, in drafting the next long-range estimate. The conditions were that the outsiders be mutually agreeable to the advisory board and to Mr. Bush and that they hold more pessimistic views of Soviet plans than those entertained by the advocates of the rough parity thesis.

Those selected were Richard Pipes, Professor of Russian History at Harvard; Thomas W. Wolfe of the RAND Corporation; Lieut. Gen. Daniel O. Graham, ret., former head of the Defense Intelligence Agency; Paul D. Wolfowitz of the Arms Control and Disarmament Agency; Paul H. Nitze, former Deputy Secretary of Defense; John Vogt, a retired Air Force general; and Prof. William Van Cleave of the University of Southern California, formerly a delegate to the strategic arms talks.

The two groups, which began work late in August, were assigned three topics: the accuracy of Soviet guided missiles,

Continued

the penetrability of Soviet air defense by low-level bombers, and overall Soviet strategic capabilities and objectives. There was a debate on whether to do estimates on Soviet capabilities in anti-submarine warfare, but the issue was dropped because of violent opposition by the Navy on security grounds.

As related by participants in both the team headed by Professor Pipes and the team headed by Mr. Stoertz, controversy boiled up immediately, not only on interpretation of less easily defined strategic objectives but also with regard to missile accuracy.

#### 'We Left Them Speechless'

"Sometimes we left them speechless," one of the outsiders remarked. "We had men of great prestige, some of them with memories going back 25 years or more, and they made devastating critiques of the agency estimates." A C.I.A. estimator described the work as "a rather unfair setup" in which the outsiders felt they had a somewhat broader mandate, and used it.

Another intelligence officer spoke of "absolutely bloody discussions" during which the outsiders accused the C.I.A. of dealing in faulty assumptions, faulty analysis, faulty use of intelligence and faulty exploitation of available intelligence. "It was an absolute disaster for the C.I.A.," this official added in an authorized interview. Acknowledging that there were more points of difference than in most years, he said: "There was disagreement beyond the facts."

As related by members of both teams, there was a standoff on Soviet missile accuracy—an old argument, as one observed, which deals with the highly sensitive subject of the vulnerability of United States Minuteman ICBM's housed in silos. The outsiders estimated that Soviet missiles may have attained accuracy to within a fifteenth of a nautical mile, about that of American missiles. The insiders, arguing that there was no hard evidence, maintained that Soviet missiles were less accurate—probably closer to a quarter of a mile.

On Soviet low-level air defenses each team influenced the other, a C.I.A. participant related. One of the outsiders confirmed this, saying there was general agreement that the Russians could not yet neutralize American nuclear bombers coming in at low level although they were investing a great deal in air defenses. The matter has direct bearing on the decision whether the United States should build the B-1 bomber, the analysts said.

#### Dispute on Strategic Objectives

All those interviewed acknowledged that the greatest disputes arose over Soviet strategic aims.

The outsiders asserted that the ultimate intention was to develop forces capable of interfering with the free flow of ocean transport, denying raw materials to the West, disrupting fuel supplies, defeating the "projection of power from sea to land" by Western forces, defending nuclear capability from American nuclear submarines and developing strategic forces that would ultimately have a superior first-strike capability.

The insiders retorted that hard evidence did not permit such extrapolations, according to a C.I.A. participant. He said with regard to Soviet military preparations: "For us the question is not whether the Russians are coming, but whether it is feasible for them to get here and how soon. That comes back to the question of United States will and determination. If we don't have it, then there is superiority."

After a series of clashes the teams convened Dec. 2 and 3 before the President's advisory board and presented their estimates and critiques. In the judgment of outsiders, the C.I.A. estimate, which formed the basis for the national estimate, was strongly influenced by their group. General Keegan was said to believe the insiders shifted 180 degrees as a result of the exchange.

#### Paper Redrafted Three Times

As a result of the disagreements and a substantial number of dissents filed by General Keegan, the national estimate was redrafted three times before reaching its final form. Professor Pipes and General Keegan were described as quite pleased with the outcome.

There is a prospect that the Carter Administration might look further into the somber side of the estimates because Zbigniew Brzezinski, the President-elect's designated national security adviser, recently received a briefing on Soviet military programs from General Keegan.

The Pipes team is expected to submit a separate proposal to the Foreign Intelligence Advisory Board late this month recommending that the estimates procedure be revised and that outsiders be brought into the process.

Mr. Bush was said to feel that the exercise had been useful, although he regretted publicity about it.